

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE JESSAMINE-SOUTH)	
ELKHORN WATER DISTRICT FOR CERTIFICATE)	
OF PUBLIC CONVENIENCE AND NECESSITY)	CASE NO.
AUTHORIZING THE CONSTRUCTION OF)	97-295
APPROXIMATELY 13,560 LINEAL FEET OF 10")	
WATERLINE AND 8,000 LINEAL FEET OF 6")	
WATERLINE)	

O R D E R

Jessamine-South Elkhorn Water District ("Jessamine-South Elkhorn") has applied for a Certificate of Public Convenience and Necessity to construct a \$400,000 waterworks improvement project and approval of the project's financing.

Having reviewed the application and being otherwise sufficiently advised, the Commission finds:

1. The proposed project involves the construction of approximately 13,560 linear feet of 10-inch PVC water transmission main and appurtenances along US Highway 68 between Almahurst and Clear Creek Road in Jessamine County, Kentucky, and 8,000 linear feet of 6-inch PVC water transmission main and appurtenances on Sagart Lane off of Matthews Lane in Jessamine County, Kentucky. It includes the construction of water transmission mains running parallel to existing mains to improve service to existing customers.

2. The proposed project will provide additional flow and enhanced pressure to the existing customers in the southern portion of Jessamine-South Elkhorn's service territory.

3. The proposed improvements will not compete with any other water utility.

4. Construction of the proposed improvements will not result in the wasteful duplication of existing utility facilities.

5. Horne Engineering, Inc. of Nicholasville, Kentucky prepared the drawings and specifications for the proposed waterworks improvement project.

6. The Division of Water of the Kentucky Natural Resources and Environmental Protection Cabinet has approved the drawings and specifications for the proposed waterworks improvement project.

7. Estimated total cost of the proposed waterworks improvement project is \$400,000.

8. Jessamine-South Elkhorn proposes to finance the proposed waterworks project with a \$400,000 loan from the Citizens National Bank of Jessamine County to be repaid over a 30-year period at an adjustable interest rate which is based upon the Wall Street Journal Prime Rate of Interest minus 75 basis points. The U. S. Department of Agriculture's Rural Development has guaranteed payment of 80 percent of the loan amount.

9. Jessamine-South Elkhorn's issuance of a Note and Mortgage in favor of a \$400,000 loan from the Citizens National Bank of Jessamine County is for lawful objects within the corporate purpose of its utility operation, is necessary and appropriate for and consistent with the proper performance of the utility's service to the public, and will not

impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. Jessamine-South Elkhorn is granted a Certificate of Public Convenience and Necessity to construct the proposed waterworks improvement project as set forth in the drawings and specifications contained in its amended application.
2. Jessamine-South Elkhorn shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.
3. Any deviation from the construction approved shall be undertaken only with the prior approval of the Commission.
4. Jessamine-South Elkhorn shall furnish documentation of the total costs of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.
5. Jessamine-South Elkhorn shall require construction to be inspected under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering, to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.
6. Jessamine-South Elkhorn shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance

with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

7. Jessamine-South Elkhorn is authorized to issue a Note and Mortgage in favor of a \$400,000 loan from the Citizens National Bank of Jessamine County.


8. The proceeds from the \$400,000 Note shall be used only for the lawful purposes specified in Jessamine-South Elkhorn's application.

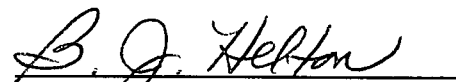
Nothing contain herein shall be deemed a warranty or finding of value of securities authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 3rd day of November, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director